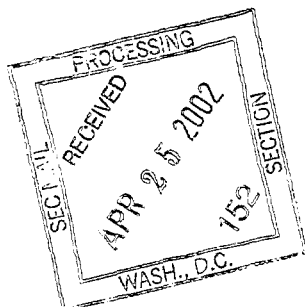




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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



4/29/2002

OMB APPROVAL	
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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01-01-2001 AND ENDING 12-31-2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

FIRST GENEVA SECURITIES, INC.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5425 OBERLIN DRIVE, 2ND FLOOR

(No. and Street)

SAN DIEGO

(City)

CA

(State)

92121

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

ROLAND L. CHAPIN

(858) 554-1145

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

J.H. COHN LLP

(Name — if individual, state last, first, middle name)

5415 OBERLIN DRIVE

(Address)

SAN DIEGO

(City)

CA

(State)

92121

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAY 07 2002

FOR OFFICIAL USE ONLY

THOMSON
FINANCIAL

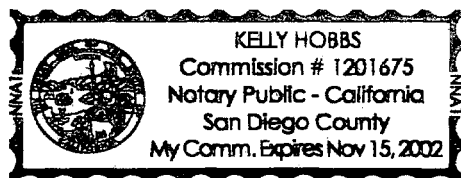
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

APR
5/6/2002

OATH OR AFFIRMATION

I, ROLAND L. CHAPIN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FIRST GENEVA SECURITIES, as of APRIL 24, ~~2002~~, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

N/A



Notary Public

Roland L. Chapin
Signature

PRESIDENT
Title

STATE OF California

COUNTY OF San Diego

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 24 DAY OF April, 2002

BY Roland L. Chapin
Kelly Hobbs
NOTARY PUBLIC

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FIRST GENEVA SECURITIES, INC.

REPORT ON FINANCIAL STATEMENTS
(With Supplementary Information)

YEAR ENDED DECEMBER 31, 2001

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* * *

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholder
First Geneva Securities, Inc.

We have audited the accompanying statement of financial condition of FIRST GENEVA SECURITIES, INC., formerly Clements Company Investment Advisors, Inc., as of December 31, 2001, and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Geneva Securities, Inc. as of December 31, 2001, and its results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedule of Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

J. H. Cohn LLP

San Diego, California
April 11, 2002

FIRST GENEVA SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS

Cash and cash equivalents	\$18,993
Prepaid expenses	<u>228</u>
Total	<u>\$19,221</u>

STOCKHOLDER'S EQUITY

Stockholder's equity:	
Common stock, no par value; 1,000,000 shares authorized; 1,000 shares issued and outstanding	\$23,679
Accumulated deficit	<u>(4,458)</u>
Total stockholder's equity	<u>19,221</u>
Total	<u>\$19,221</u>

See Notes to Financial Statements.

FIRST GENEVA SECURITIES, INC.

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2001

Revenue:

Commissions and fees	\$ 45,805
Interest and other income	<u>1,437</u>
Total	<u>47,242</u>

Expenses:

Commissions	17,634
Errors	18,708
Professional fees	2,676
Telephone	2,238
Regulatory fees	8,075
Postage and courier services	260
Taxes and licenses	500
Other	<u>1,609</u>
Total	<u>51,700</u>

Net loss	<u>\$ (4,458)</u>
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See Notes to Financial Statements.

FIRST GENEVA SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2001

	<u>Common Stock</u>		<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Deficit</u>	
Balance, January 1, 2001	1,000	\$15,854		\$15,854
Contributions of capital		31,582		31,582
Distributions		(23,757)		(23,757)
Net loss	<u> </u>	<u> </u>	\$ (4,458)	<u>(4,458)</u>
Balance, December 31, 2001	<u>1,000</u>	<u>\$23,679</u>	<u>\$ (4,458)</u>	<u>\$19,221</u>

See Notes to Financial Statements.

FIRST GENEVA SECURITIES, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001

Operating activities:

Net loss	\$ (4,458)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Commissions receivable	19,601
Accounts payable	<u>(4,174)</u>
Net cash provided by operating activities	<u>10,969</u>

Financing activities:

Contributions of capital	31,582
Distributions	<u>(23,757)</u>
Net cash provided by financing activities	<u>7,825</u>

Net increase in cash and cash equivalents	18,794
Cash and cash equivalents, beginning of year	<u>199</u>
Cash and cash equivalents, end of year	<u>\$ 18,993</u>

See Notes to Financial Statements.

FIRST GENEVA SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of business and summary of significant accounting policies:

Nature of business:

First Geneva Securities, Inc. (formerly Clements Company Investment Advisors, Inc.) (the "Company") was incorporated on February 1, 1999, and is a securities broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers, Inc. ("NASD").

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the SEC. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker is pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the "Act"). It also performs all services customarily incident thereon, including the preparation and distribution of customers' confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

Revenue recognition:

The Company records securities transactions and related revenue and expenses on a settlement date basis, which does not differ materially from trade date accounting.

Income taxes:

The stockholder has elected to treat the Company as an "S"-Corporation for income tax purposes as provided in the Internal Revenue Code and the applicable state statutes. As such, the Company's income or loss is passed through to its stockholder. As a result, the Company does not provide for federal or state income taxes.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents:

The Company considers money market funds with a maturity of three months or less to be cash equivalents.

FIRST GENEVA SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2 - Net capital requirements:

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2001, the Company had net capital and net capital requirements of \$18,993 and \$5,000, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was .00 to 1.

Note 3 - Related party transactions:

The Company is provided office space and facilities rent free from its stockholder.

Note 4 - Financial instruments with off-balance sheet risk and contingencies:

In the normal course of business, the Company's client activities through its clearing broker involve the execution, settlement, and financing of various client securities transactions. These activities may expose the Company to off-balance sheet risk. In the event the client fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations.

The Company bears the risk of financial failure by its clearing broker. If the clearing broker should cease doing business, the Company's receivable from this clearing broker, if any, could be subject to forfeiture.

* * *

FIRST GENEVA SECURITIES, INC.

COMPUTATION OF NET CAPITAL PURSUANT TO
UNIFORM NET CAPITAL RULE 15c3-1
DECEMBER 31, 2001

Credits:		
Stockholder's equity		\$19,221
Debits:		
Prepaid expenses		<u>228</u>
Net capital		<u>\$18,993</u>
Minimum requirements of 12 ½% of aggregate indebtedness or \$5,000, whichever is greater		<u>\$ 5,000</u>
Excess net capital		<u>\$13,993</u>
Aggregate indebtedness		<u>\$ -</u>
Ratio of aggregate indebtedness to net capital		<u>.00 to 1</u>

NOTE: There are no material differences between the above computation of net capital and the corresponding computation submitted by the Company with the unaudited Form X-17A-5 as of December 31, 2001.

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL**

To the Board of Directors and Stockholders
First Geneva Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of First Geneva Securities, Inc. as of and for the year ended December 31, 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001 to meet the SEC's objectives.

This report is intended solely for the use of management, the SEC, the NASD and the other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used by anyone other than these specified parties.

J. H. Cohn LLP

San Diego, California
April 11, 2002